

DATE: September 27, 2002

TO: Medicare +Choice Organizations
Medicare Cost Plans
Medicare +Choice Demonstrations

FROM: Director
Health Plan Benefits Group

SUBJECT: Annual Notice of Change for Employer Group Enrollees

The purpose of this memorandum is to clarify when managed care organizations must send the annual notice of change (ANOC) to employer group enrollees.

For plan changes taking place on January 1, M+C organizations are required to send an ANOC to all enrollees in October. This requirement applies to all plan enrollees, including employer group enrollees. However, if there are no plan changes taking effect on January 1, the organization does not need to send anything to enrollees. For example, since there are no January 1 changes in Medicare coverage to communicate to enrollees this year, it is possible that M+COs may not have any January 1, 2003 plan changes to communicate to their employer group enrollees if the employer group open enrollment season occurs at some other time during the year (e.g., July 1). Under these circumstances, the M+CO does not need to send an ANOC to employer group members by October 30. However, keep in mind that the M+CO will still need to notify employer group enrollees of any upcoming plan changes at least 30 days in advance of those changes, as required at 42 CFR 422.111(d)(3).

Medicare cost plans must also send ANOCs to all enrollees. As required at 42 CFR 417.436(c), Medicare cost plans are required to send a notice of plan changes at least 30 days prior to the effective date of the changes. Thus for this year, while individual enrollees would receive an ANOC by December 1, Medicare cost plans may not need to send an ANOC to employer group enrollees until 30-days prior to any plan changes they will experience.

Questions about this memorandum may be directed to Wendy Burger, of my staff, at 410-786-1566 or wburger@cms.hhs.gov. Thank you.